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The Commonwealth of Massachusetts

DEPARTMENT OF THE AUDITOR

Mass.: Auditor's dept

ANNUAL REPORT

FOR THE

Year Ending November 30, 1925



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The Commonwealth of Massachusetts

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DEPARTMENT OF THE AUDITOR ANNUAL REPORT

To the Honorable Senate and House of Representatives:—

I have the honor to present the third annual report of this department for the year ended November 30, 1925, as organized under the provisions of chapter 362 of the Acts of 1923.

The examination of the accounts of the state departments and institutions has proceeded regularly, and the state departments have nearly all had an annual examination. We have been unable to reach all of the institutions, but these will be given first consideration during the ensuing year.

The Income Tax Division has been examined to March 31, 1925, and a preliminary examination of the accounts of the Corporation Tax Division has been undertaken.

The accounts of the State Treasurer have been examined for the year ended November 30, 1925. The cash was balanced, the bank accounts were reconciled and the securities held by the State Treasurer as investments were counted and found to be in the vaults. At the close of the previous year, the State Treasurer was carrying in his cash balance the sum of \$533,527.80, representing funds originally deposited in certain trust companies subsequently closed by order of the Bank Commissioner. Under the provisions of chapter 211, section 6, of the Acts of 1925, the State Treasurer was authorized to charge off the sum of \$375,000.00 from this balance. This has been done and the amount standing as a charge against these banks at the end of November 30, 1925, was \$76,591.56.

In the course of the examination of the accounts of the various state activities by this department, it has had the effect of getting in a substantial amount of revenue which otherwise might have been slow in coming in. In this connection, it is found that throughout the state departments and institutions there is considerable potential revenue involved in small accounts which it is difficult to collect and of which in the ordinary course a large part is lost to the commonwealth. This department believes that if some special agency had particular charge of prosecuting the collection of this class of accounts much more of this revenue might be recovered.

The examination of the accounts of the Metropolitan District Commission under the present arrangement involves a great amount of effort on account of the separate accounting of the Division of Parks and the Division of Water and Sewerage. It is felt that much would be gained not only from an auditing standpoint, but also from an administration standpoint, if the bookkeeping were consolidated into one general accounting department for the commission.

The auditing of the accounts of the Department of Public Welfare is not at all satisfactory, due to an arrangement of accounts which has grown up over a long period of years. It is felt that the accounts in this department should be revised in order that the transactions may be more easily audited and accounted for properly.

During the years of 1923 and 1924 thefts were committed and funds of the Normal Art School amounting to \$151.35 and funds of the New Bedford Textile School amounting to \$148.24 were stolen. These institutions have never been relieved of this loss and have been carrying these amounts as shortages in their cash. Some action should be taken whereby these losses may be charged off, in order that the accounts may be cleared.

Examination of the accounts of the Military Department develops the fact that the United States government has charged the commonwealth with the value of equipment, etc. for use of the state militia and for which the commonwealth is responsible. It is estimated that the value of this property is approximately \$7,000,000.00. The value of this property is not set up in the accounts. It is

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fact that better records should be kept of this property in the Military Department and that the aggregates should be set up in the general accounts of the state in the Comptroller's Bureau.

The printing plant at the State Prison, established to do work for the state departments, has had its first full year of operation. An examination of the accounts has been made indicating an investment of about \$20,000.00. The amount of work produced by the plant was valued at about the same figure. The accounts show a profit of about 25 per cent in relation to the sales. In view of the fact that the plant is capable of a much larger production, efforts should be made to furnish it with sufficient work to keep the whole plant busy during the working hours.

During the past year our attention has been directed to the examination of the farm accounts of the various state institutions. An effort is being made to develop the recording of the farm transactions to the end that the annual farm reports will reflect the operations of these farms, in order to serve as a guide in their management.

In all the institutions having farms the verification of the transactions appearing in the annual farm report is difficult and in many instances impossible.

Among the 43 state institutions there are at least 28 farms of varying sizes and productivety which make annual reports of their operations. In one of the larger groups of farms, a group perhaps better organized than the others, there is still considerable confusion in the records of the activities of the farms. There seems to be a great tendency to consider the farm as a separate activity apart from the institution. This tendency is caused by the feeling that unless the profit and loss statement of the farm report indicates a favorable balance future appropriations for the farm will be more difficult to obtain. In other groups a revision of the farm accounts, which was made in 1922, has been only partially carried out by the institutions concerned.

It is felt by this department that on certain of the larger farms of the commonwealth concentrated efforts could be so directed as to produce results which could very readily be translated into material financial advantage to the commonwealth, through the reduction of food costs and maintenance appropriations in other institutions which are either without farms altogether or are greatly limited in their production.

As the farms are at present operated, their production is more or less limited to the immediate needs of the institution on account of the absence of any direct relation between sales of farm products to farm appropriations.

There is no incentive for the farmer to raise his production to the point where he could supply other state institutions. It would seem that farms within the jurisdiction of the Department of Mental Diseases might so increase their production as to materially lessen the food costs of the Psychopathic and Boston State Hospitals, which are without farms, and that the farm lands in the possession of the commonwealth at the Prison Camp and Hospital, State Farm and Massachusetts Reformatory might be so developed as to reduce the food costs at the State Prison, normal schools and sanatoria. It would seem reasonable that such a result might be accomplished through a competent official with the co-operation of the departments and institutions affected.

Our examination of the accounts of the farm activities further suggests that the canning of that part of the products for later use might well be enlarged, if not centralized, to the advantage of the commonwealth. To handle the products effectively so as to minimize waste necessities concentrated canning facilities, as this activity is primarily a seasonable one. Much waste has resulted from the lack of such facilities.

During the progress of our examinations, the collection of revenue has come under observation and it would seem that there is an opportunity to increase the revenues in some departments rendering special service to the public, for example certain fees in the Department of Public Safety, in the Boards of Registration and in the rental of state armories.

The following schedule of examinations is hereto appended.

	PERIOD COVERED			
	From—		To—	
Legislative Department:				
Sergeant-at-Arms	December	1, 1924	September	2, 1925
General Administration:				
Secretary's Department	December	1, 1923	November	30, 1924
Treasurer's Department	December	1, 1923	November	30, 1924
Adjutant General's Department	September	25, 1924	November	9, 1925
Attorney General's Department	September	24, 1924	November	30, 1925
Dept. of Agriculture:				
General Department	March	20, 1924	November	30, 1925
Dept. of Conservation:				
Div. of Fisheries and Game	January	1, 1924	December	31, 1924
Div. of Forestry	August	6, 1924	September	22, 1925
Div. of Animal Industry	September	19, 1924	September	14, 1925
Dept. of Banking and Insurance:				
Supervisor of Small Loan Agencies	May	9, 1924	June	29, 1925
Div. of Banks	September	22, 1924	July	23, 1925
Div. of Insurance	December	1, 1923	November	30, 1924
Dept. of Corporations and Taxation:				
Income Tax Division	December	1, 1923	March	31, 1925
Director of Accounts	February	21, 1924	June	19, 1925
Dept. of Education:				
General Department	December	1, 1923	September	15, 1925
Bridgewater Normal School	April	14, 1923	May	25, 1925
Fitchburg Normal School	March	7, 1924	October	26, 1925
Lowell Normal School	December	20, 1923	December	22, 1924
North Adams Normal School	June	24, 1924	August	31, 1925
Salem Normal School	January	8, 1924	June	30, 1925
Westfield Normal School	July	7, 1924	September	8, 1925
Worcester Normal School	December	31, 1923	March	3, 1925
Normal Art School	October	19, 1923	December	17, 1924
Lowell Textile School	September	3, 1924	October	5, 1925
Division of the Blind	December	1, 1923	November	30, 1924
Teachers' Retirement Board	January	1, 1924	December	31, 1924
Dept. of Civil Service and Registration:				
Board of Registration in Pharmacy	March	17, 1924	July	30, 1925
State Examiners of Electricians	April	30, 1924	November	19, 1925
Board of Registration of Nurses	March	19, 1924	September	4, 1925
Board of Registration in Medicine	March	19, 1924	September	4, 1925
Board of Dental Examiners	March	20, 1924	September	10, 1925
Board of Registration in Embalming	March	1, 1924	September	14, 1925
Board of Registration in Optometry	April	29, 1924	September	10, 1925
Dept. of Labor and Industries:				
Division of Standards	March	5, 1924	January	27, 1925
Dept. of Industrial Accidents:				
General Department	February	11, 1924	November	30, 1925
Dept. of Mental Diseases:				
General Department	July	7, 1924	June	30, 1925
Belchertown State School	November	12, 1924	September	28, 1925
Foxborough State Hospital	May	15, 1924	October	27, 1925
Monson State Hospital	November	5, 1924	October	19, 1925
Northampton State Hospital	October	27, 1924	September	17, 1925
Taunton State Hospital	April	17, 1924	November	10, 1925
Westborough State Hospital	May	11, 1923	January	26, 1925
Worcester State Hospital	May	28, 1923	February	11, 1925
Massachusetts School for the Feeble-Minded	July	30, 1923	November	30, 1924
Wrentham State School	May	21, 1923	March	16, 1925
Dept. of Correction:				
State Prison	September	30, 1924	October	16, 1925
Reformatory for Women	November	13, 1924	October	7, 1925
Prison Camp and Hospital	October	6, 1924	January	7, 1925
Dept. of Public Welfare:				
General Department	September	1, 1924	September	1, 1925
State Infirmary	January	1, 1922	May	5, 1925
Industrial School for Boys	March	3, 1924	November	18, 1925
Lyman School for Boys	December	1, 1922	July	13, 1925
Boys' Parole Department	March	3, 1924	June	1, 1925
Girls' Parole Department	February	18, 1924	June	1, 1925
Dept. of Public Health:				
General Department	December	1, 1922	December	29, 1925
Lakeville State Sanatorium	September	29, 1922	June	15, 1925
North Reading State Sanatorium	May	26, 1924	June	22, 1925
Westfield State Sanatorium	October	22, 1924	September	9, 1925
Dept. of Public Safety:				
General Department	October	10, 1924	September	29, 1925
Dept. of Public Works:				
Division of Highways	December	1, 1923	November	30, 1924
Division of Waterways	December	1, 1923	November	30, 1924
Registration of Motor Vehicles	December	1, 1923	November	30, 1924
Dept. of Public Utilities:				
General Department	April	23, 1924	November	27, 1925
Metropolitan District Commission:				
Division of Parks	December	1, 1923	November	30, 1924
Division of Water and Sewerage	December	1, 1923	November	30, 1924

Respectfully submitted,
ALONZO B. COOK,
Auditor of the Commonwealth.